

Message Text

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R 231400Z JAN 75

FM AMEMBASSY MANAGUA

TO SECSTATE WASHDC 6072

INFO AMEMBASSY SAN SALVADOR

AMEMBASSY SAN JOSE

AMEMBASSY TEGUCIGALPA

AMEMBASSY GUATEMALA

USIA WASHDC

C O N F I D E N T I A L MANAGUA 0334

USIA FOR ILA

E. O. 11652: GDS

TAGS: PINT, NU

SUBJECT: SOMOZA MEETS WITH PRIVATE SECTOR

1. PRESIDENT SOMOZA SAW THE MEMBERS OF THE SUPERIOR COUNCIL OF PRIVATE INITIATIVE (COSIP), THE REPRESENTATIVES OF THE NATION'S VARIOUS BUSINESS SECTORS, FOR TWO HOURS ON JANUARY 20. IT WAS THE FIRST TIME THAT SOMOZA HAD MET WITH THE ASSEMBLED PRIVATE SECTOR LEADERS SINCE HIS INAUGURATION AND IT WAS A MEETING THAT THE BUSINESSMEN HAD BEEN SEEKING SINCE THE DECEMBER 27 FSLN TERRORIST ATTACK.

2. ALTHOUGH THERE WAS SOME DISCUSSION OF THE NEW TAX ACT, MOST OF THE DISCUSSION CONCERNED MORE GENERAL QUESTIONS ABOUT THE POLITICAL, SOCIAL AND ECONOMIC STATE OF THE COUNTRY AND THE PRIVATE SECTOR'S DESIRE FOR BETTER COMMUNICATION WITH THE CHIEF OF STATE. AT ONE POINT, SOMOZA REPORTEDLY ATTEMPTED TO ELICIT A
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DECLARATION OF SUPPORT FOR HIS STAND ON TERRORISM IN THE INTEREST OF

IMPROVING THE INVESTMENT CLIMATE, BUT THE BUSINESSMAN FINESSED IT REMARKING THAT THEIR ACTS IN RISKING CAPITAL ALREADY SPOKE VOLUMES. AT ANOTHER POINT, THE COSIP LEADERS GINGERLY SUGGESTED THAT THE CONTINUED FREE FUNCTIONING OF THE NEWSPAPER LA PRENSA MEANT A GOOD DEAL TO THEM AND THE REST OF THE COUNTRY.

3. THE MAIN PURPOSE OF THE MEETING--TO INSTITUTIONALIZE A DIALOG-- WAS ACHIEVED WHEN MONTHLY MEETINGS BETWEEN SOMOZA AND COSIP WERE AGREED UPON IN ADDITION TO BIWEEKLY TECHNICAL CONFERENCES BETWEEN SECRETARY OF THE PRESIDENCY CARLOS DUBON AND APPROPRIATE MINISTERS ON ONE SIDE AND THE BUSINESSMEN ON THE OTHER. THE FIRST MEETING ON TAX REFORM AND PROBLEMS IN ENALUF (AUTONOMOUS ENTITY FOR LIGHT AND POWER) IS SCHEDULED FOR JANUARY 29.

4. BANCO DE AMERICA GENERAL MANAGER ERNESTO FERNANDEZ HOLMANN WHO PARTICIPATED IN THE DISCUSSION, TOLD EMBOFF THAT THE PRIVATE SECTOR GROUP WAS VERY SATISFIED WITH THE AMBIENCE OF THE MEETING ITSELF AND WITH ITS RESULTS. SIGNIFICANTLY FERNANDEZ HOLMANN HAD PRIVATELY VOICED THE COMPLAINTS OF MANY BUSINESSMEN A FEW DAYS BEFORE ABOUT THE DIFFICULTY IN GETTING TO SEE SOMOZA IN THE FIRST PLACE AND HIS LACK OF OPEN-MINDNESS EVEN WHEN TALKS WERE HELD. FERNANDEZ HOLMANN SAID THAT SOMOZA SEEMED MUCH MORE RECEPTIVE THAN HE HAS BEEN PREVIOUSLY AND WAS EXTRMELY ACCOMMODATING ABOUT FUTURE ACCESS. ON THE OTHER HAND, FERNANDEZ HOLMANN CONFIDED THAT THE BUSINESSMEN HELD BACK, FEARING THAT DEEPER PROBING ON SENSITIVE SUBJECTS AT THIS POINT MIGHT BE UNPRODUCTIVE. HE SAID THAT DISCUSSIONS WILL BECOME FRANKER IN THE FUTURE AND THE PRIVATE SECTOR, ALTHOUGH ENCOURAGED BY THE STRAT THAT HAS BEEN MADE, WILL RESERVE JUDGMENT UNTIL LATER ABOUT SOMOZA'S ABILITY TO COMPREHEND AND TO ACT ON WHAT IT VIEWS ARE THE CRITICAL PROBLEMS OF HIS ADMINISTRATION.

5. COMMENT: THE FSLN INCIDENT PROVOKED MUCH CRITICISM OF BOTH SOMOZA'S POLITICAL STYLE AND HIS SOCIO-ECONOMIC POLICIKI. UNLIKE SOMOZA'S POLITICAL OPPOSITION WHICH OFTEN COURTS THE PRIVATE SECTOR, THE BUSINESSMEN BELIEVE THAT THE REGIME HAS THE CAPACITY TO REFORM ITSELF AND THEREBY UNDERCUT THE EXTREMISTS' MESSAGE. THE SUCCESS OF THIS MEETING SEEMS IMPORTANT IN REINFORCING THAT VIEW.
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